

Message Text

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ACTION NEA-10

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AMEMBASSY DACCA
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AMEMBASSY KATHMANDU
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SUBJECT: JANATA PARTY CRISIS: AN "OVERALL SETTLEMENT?"

REF: NEW DELHI 11882, 12299, 12362

1. SUMMARY: A COMPROMISE RESOLUTION OF THE CONINUING
CRISIS WITHIN THE RULING JANATA PARTY MAY BE IN VIEW
FOLLOWING REPORTS OF AN "OVERALL SETTLEMENT" WHICH
WOULD INSTALL FORMER HOME MINISTER CHARAN SINGH AS
PARTY PRESIDENT. UNDER THE TERMS OF THE REPORTED
AGREEMENT, TWO PERSONS FROM CHARAN SINGH'S CAMP
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WOULD BE BROUGHT INTO THE CABINET TO FILL THE
VACANCIES CAUSED BY THE DISMISSAL OF CHARAN SINGH AND
RAJ NARAIN IN LATE JUNE. HOWEVER, WHETHER THIS PACKAGE
DEAL IS A TRUE RESOLUTION OF JANATA'S INTERNAL SQUABBLES,
OR JUST ANOTHER CEASE-FIRE, MAY BECOME CLEARER THIS
EVENING AFTER CHARAN SINGH MEETS WITH PM DESAI. END
SUMMARY.

2. THE POSSIBILITY OF AN "OVERALL SETTLEMENT" TO THE LONG-FESTERING FEUD BETWEEN PRIME MINISTER DESAI AND FORMER HOME MINISTER CHARAN SINGH EMERGED TODAY, AUGUST 17, FOLLOWING A SPECIAL MEETING OF THE CABINET EARLY THIS MORNING. ACCORDING TO THE LOCAL WIRE SERVICES, THE CABINET APPROVED A PACKAGE DEAL UNDER WHICH CHARAN SINGH WILL BE APPOINTED JANATA PARTY PRESIDENT, REPLACING CHANDRA SHEKHAR. IN ADDITION, THE TWO VACANCIES IN THE CABINET CAUSED BY THE DISMISSALS OF CHARAN SINGH AND RAJ NARAIN IN LATE JUNE WOULD BE FILLED BY FIGURES FROM CHARAN SINGH'S BLD GROUP; THESE TWO NEW MINISTERS ARE TO BE CHOSEN FROM A LIST TO BE SUBMITTED TO MORARJI BY THE FORMER HOME MINISTER. THE FATE OF THE FOUR FORMER BLD MINISTERS OF STATE WHO HAD RESIGNED FROM THE CABINET IN EARLY JULY IN SOLIDARITY WITH CHARAN SINGH IS UNCLEAR, BUT ONE WIRE SERVICE REPORTS THAT THEY MAY BE READMITTED "AFTER THEY MAKE AMENDS TO THE PRIME MINISTER."

3. ALSO REPORTEDLY PART OF THE PACKAGE WAS THAT CHARAN SINGH AND RAJ NARAIN AGREED NOT TO MAKE STATEMENTS IN PARLIAMENT EXPLAINING THEIR VERSION OF THE EVENTS LEADING TO THEIR DISMISSALS. FORMER HEALTH MINISTER RAJ NARAIN, WHO WAS SCHEDULED TO DELIVER HIS STATEMENT TODAY, INFORMED THE SPEAKER OF THE LOK SABHA THIS MORNING THAT HE WOULD NOT MAKE THE STATEMENT. THE LIMITED OFFICIAL USE

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SPEAKER'S ANNOUNCEMENT OF RAJ NARAIN'S WITHDRAWAL TOUCHED OFF ANOTHER ANGRY FUROR IN THE HOUSE AS CONGRESS (I) MP'S SOUGHT TO CAPITALIZE ONCE AGAIN ON HE "CORRUPTION IN HIGH PLACES" ISSUE. (RAJ NARAIN'S STATEMENT WAS EXPECTED TO CONTAIN ALLEGATIONS NOT ONLY AGAINST THE PM'S SON KANTIBHAI BUT AGAINST VARIOUS JANATA MINISTERS AS WELL.)

4. ACCORDING TO INITIAL SPECULATION AMONG OUR PRESS SOURCES, CHANDRA SHEKHAR MAY BE REWARDED FOR STEPPING DOWN AS JANATA PRESIDENT BY BEING BROUGHT INTO THE CABINET. IN ADDITION, PARTY GENERAL SECRETARY (AND CHARAN SINGH LOYALIST) RABI RAY AND S.N. MISHRA (ANOTHER CHARAN SINGH SUPPORTER THOUGH HE COMES FROM THE CONGRESS (O) MAY BE CHOSEN TO FILL THE TWO VACANCIES IN THE CABINET CAUSED BY THE JUNE DISMISSALS. RAJ NARAIN IS RUMORED TO BECOME A PARTY GENERAL SECRETARY.

5. THIS "PEACE SETTLEMENT" WAS REPORTEDLY MADE AT THE INITIATIVE OF CHANDRA SHEKHAR HIMSELF, WHO MET LAST NIGHT WITH SEVERAL OF THE PEACEMAKERS AT THE HOME OF STEEL MINISTER BIJU PATNAIK. IT COMES AFTER THE SELF-DESIGNATED

PEACEMAKERS HAD MORE OR LESS GIVEN UP THEIR EFFORTS TO RECONCILE MORARJI AND CHARAN SINGH. IF PRESS REPORTS ARE TRUE, IN FACT, ONE OF THE "PEACEMAKERS" WAS BECOMING AN OPEN PARTISAN. GENERAL SECRETARY MADHU LIMAYE REPORTEDLY WROTE TO THE PM OVER THE WEEKEND TO ALLEGE THAT KANTIBHAI HAD COLLECTED MONEY FOR THE JANATA DURING THE LAST STATE ASSEMBLY ELECTIONS AND ALLEGEDLY DEMANDED THAT KANTIBHAI MOVE OUT OF HIS FATHER'S HOUSE. HE ALSO REPORTEDLY TENDERED HIS RESIGNATION AS A GENERAL SECRETARY, BUT THIS HAS NOT YET BEEN ACCEPTED BY CHANDRA SHEKHAR.

6. COMMENT: WHETHER THIS PACKAGE DEAL WILL BE A TRUE RESOLUTION OF THE FUNDAMENTAL "PROBLEM" CONFRONTING LIMITED OFFICIAL USE

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THE JANATA, OR JUST ANOTHER CEASE-FIRE, MAY BECOME CLEARER THIS EVENING AFTER CHARAN SINGH MEETS WITH MORARJI. CHARAN SINGH'S SPOKESMAN HAVE TOLD THE PRESS TODAY THAT AN "OVERALL SETTLEMENT" HAD BEEN REACHED, BUT THOSE CLOSE TO THE PM ARE REPORTEDLY MORE CAUTIOUS, SAYING ONLY THAT THEY ARE "OPTIMISTIC" THAT A COMPROMISE HAD BEEN FOUND. THE INITIAL REACTION TO THE PRESS REPORTS OF THE SETTLEMENT IS THAT PRIME MINISTER DESAI HAS MADE A CONSIDERABLE CLIMB-DOWN IN AGREEING TO ACCEPT CHARAN SINGH AS JANATA PRESIDENT. OTHERS ARGUE THAT THE PRIME MINISTER HAS NOT CONCEDED EVERYTHING TO THE CHARAN SINGH CAMP IN THAT, UNDER THE TERMS OF THE FORMULA, HE WILL NOT ADMIT CHARAN SINGH AND RAJ NARAIN BACK INTO THE CABINET. GOHEEN

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